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GENERAL

1. Australians urge caution in Korea--The Australian Prime Minister has informed US Embassy Canberra that, as a result of Chinese Communist intervention, the Australian Government believes a new situation has arisen in Korea which calls for careful examination. The Australian official added that, pending clarification of Chinese Communist objectives, which may or may not be limited in scope, his government is convinced that "military caution" is required and believes that consequences of Manchurian border "incidents" could be so grave that it may be best "temporarily" to ignore Chinese Communist provocation "to the extent possible."

2. British view of deadlock on Western defense--According to US Ambassador Douglas in London, the British are convinced that the French are becoming increasingly anxious to end the Western defense impasse resulting from the recent Pleven proposals. In view of this French attitude, the British feel the other Western Powers should go slowly, avoid new proposals of their own, and leave to the French the burden of suggesting the means of breaking the deadlock and making progress.

3. UK releases "certain" arms to Egypt--US Embassy London reports that the British Government, after reviewing its arms commitments, has decided to relax its ban on arms shipments to Egypt and to provide that nation with 16 tanks. The UK has also decided to inform the Egyptians of the availability of certain lend-lease items and is considering

- 1 -

36

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the release of six obsolete Halifax bombers. The UK Government, however, will advise the Egyptian Government that other armament items desired by Egypt are in short supply and required for the British defense efforts, the Commonwealth, or NATO.

US Embassy Cairo believes that news of the decision of the UK to resume partial arms shipments to Egypt has revived to a large extent the good will which was lost because of arms suspension.

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FAR EAST

4. INDOCHINA: French to ask US arms for Laos-- US Legation Saigon has learned that the French plan to make an urgent request to the US for rifles to be used in arming village defense units in Laos, which faces a greater threat as a result of recent Viet Minh gains. The French program envisages the arming of 4,250 Laotians, in companies of 50 men under command of the chiefs of each province; the French can supply rifles for no more than 1,000 Laotians from present stocks in Indochina.

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